



rediscover

YOUR MISSOURI



Division of Tourism FY01 Annual Report

Jackson Greer Gravois Mills Loose Creek Ludlow
 Maysville Brookfield Roach Rich Hill Cuba Rosebud
 Gerald Williamstown Graham Lincoln Defiance Reed

On behalf of the Missouri Tourism Commission, I am pleased to present the Division of Tourism's Fiscal Year 2001 Annual Report.

Missouri is a national model of success and cooperation in the promotion of tourism. Together, with our industry partners throughout the state, we have made tourism one of Missouri's most important revenue and job producing industries.

While the findings published in this report reflect the performance of Missouri's travel industry only through the fiscal year ending June 30, 2001, there is no doubt that the September 11 attacks on our nation have greatly affected tourism.

Tested this year by both a softening economy and the events of September 11, our success is a direct result of the team approach we have taken with Missouri's travel and tourism industry. We have risen to the challenge.

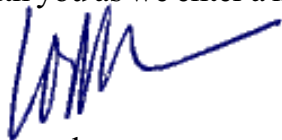
In late September, under the auspices of the Missouri Tourism Commission, we convened a summit of our state's tourism industry leaders in St. Louis. Members of the Commission, Lieutenant Governor's Office, Missouri General Assembly and the professional staff of the Division of Tourism, worked together in seeking new ways to bolster the Missouri travel economy.

Less than one month later, we joined Lt. Gov. Joe Maxwell in the statewide roll-out of "Rediscover Your Missouri," a new marketing campaign to encourage Missouri residents to travel and vacation in-state, and support the more than 200,000 Missourians who make their living in tourism-related jobs.

For the first time, the Division of Tourism will include in-state markets in its advertising efforts. Together with our industry partners, we already have begun an aggressive effort to promote our state's thousands of exciting destinations to Missourians as they consider leisure travel in the coming months.

We are confident that travel conditions and our national economy will continue to improve. We are equally confident that the people of Missouri, and indeed the nation, will rediscover the many treasures of our great state.

Again, on behalf of my colleagues on the Missouri Tourism Commission, our professional staff and our industry partners, thank you for your continued support of this vital state industry. We look forward to the continued success of our partnership with you as we enter a new travel season.



Sincerely,
 Louis P. Hamilton
 Chairman



Louis P. Hamilton

Bonne Terre Cassville Ava Buckner Salisbury Osceola
St. James Kennett Marceline Versailles Buffalo Poplar Bluff
Nevada Marshall Butler Aurora Concordia Elmo Clinton

Missouri's Ten Vacation Regions

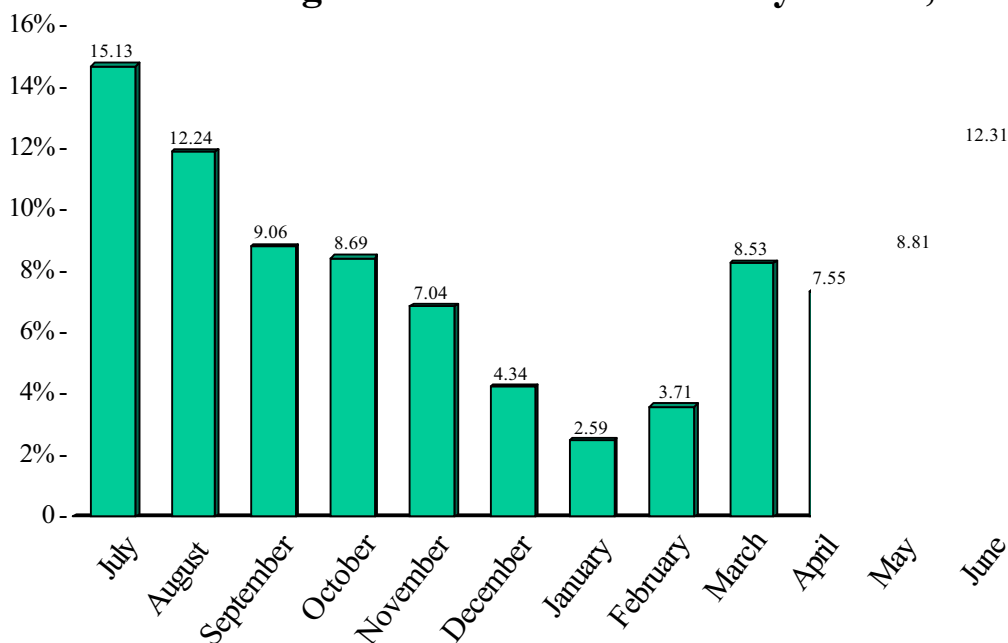


1. Pony Express Region
2. Chariton Valley Region
3. Mark Twain Region
4. Kansas City Region
5. Osage Lakes Region
6. Lake of the Ozarks Region
7. St. Louis Region
8. Ozark Mountain Region
9. Ozark Heritage Region
10. River Heritage Region

Seasonality

Data collected at Missouri Division of Tourism Welcome Centers reveals that nearly 40 percent of visitation to the state in fiscal year 2001 took place during July and August 2000 and June 2001.

Percentage of Visitors to Missouri by Month, FY01



Mexico Warsaw Springfield Chillicothe Kansas City Rolla
Paris Jefferson City Monett Columbia Cuba Salem Cape
Independence Warrenton Maryville Memphis Joplin

Budget History

Missouri's tourism funding formula often is held up as a model for the nation. Conceived in 1993 by industry members, the formula has allowed the Division of Tourism to increasingly fund itself from growth in the industry while reducing the division's need for traditional General Revenue Fund appropriations.

Since this performance-based funding mechanism went into effect on July 1, 1994, the division's budget increased from slightly more than \$6 million per year to \$16,382,905 in fiscal year 2001.

Known as the Division of Tourism Supplemental Revenue Fund (TSRF), the budget formula works by identifying sales tax revenue generated by businesses that serve travelers. A percentage of the growth in sales tax revenue from businesses that fall within 17 tourism-related Standard Industry Classification (SIC) codes is used to determine the growth in the TSRF. The formula also assumes that there will be 3 percent inflation each year. Only one-half of the growth more than the 3 percent is

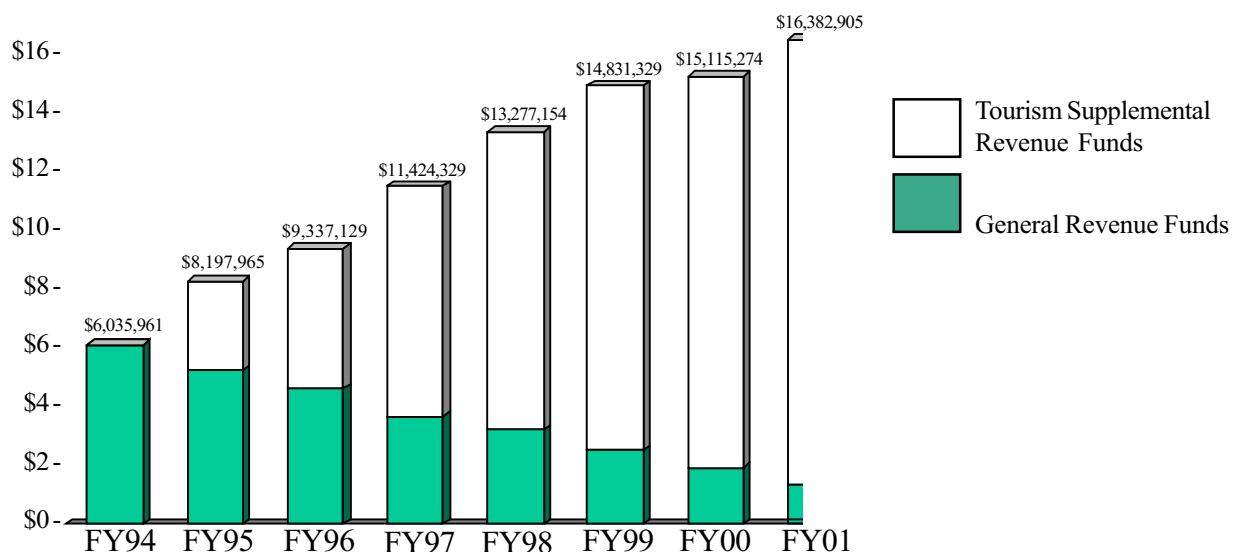
used to determine the funding of the TSRF. Also, the fund cannot grow by more than \$3 million in any one year.

In addition, a provision in the law requires that the original FY94 General Revenue core be systematically eliminated by FY04. These reductions have been accelerated such that the Division will be funded 100 percent through the TSRF in FY02. This is two years earlier than mandated.

In 1998, the General Assembly passed legislation to enhance the original state law and extend its sunset clause to June 2010.

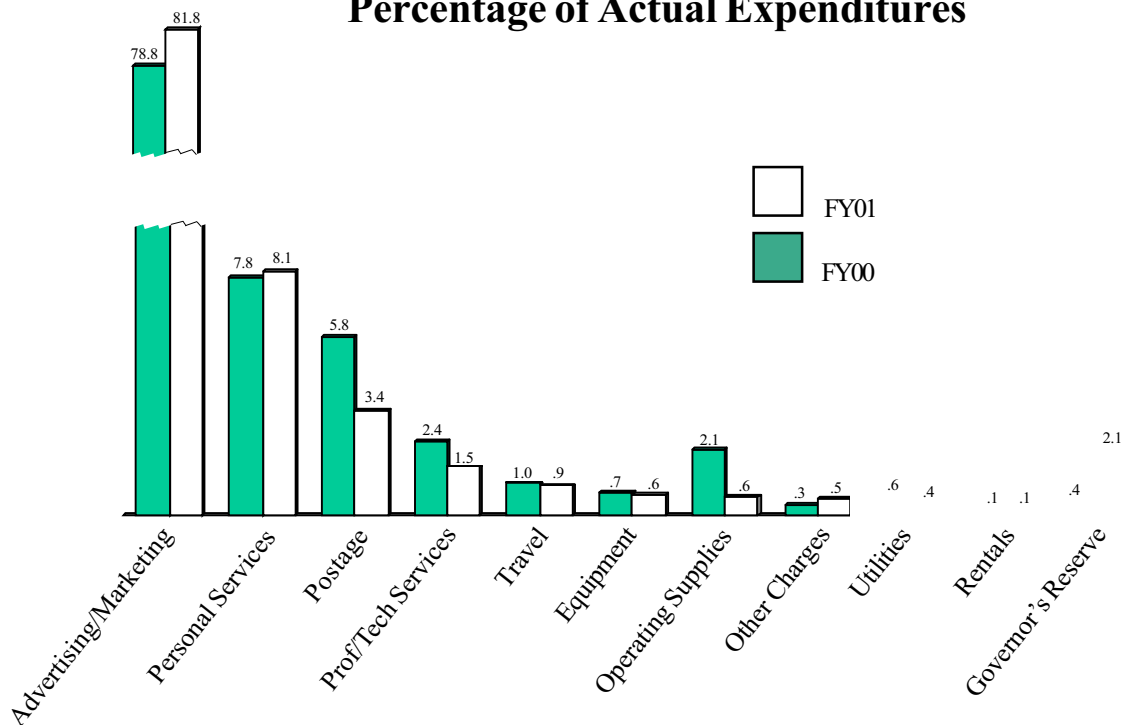
Increases in the TSRF appropriation allow for additional investment in tourism marketing and promotion. Through this performance-based budget, the Division expanded its marketing message to new audiences while offering a matching funds program to local tourism organizations. This places Missouri in a better position to raise awareness of travel opportunities within our state and compete with neighboring states for traveler expenditures.

Tourism Budget Comparison

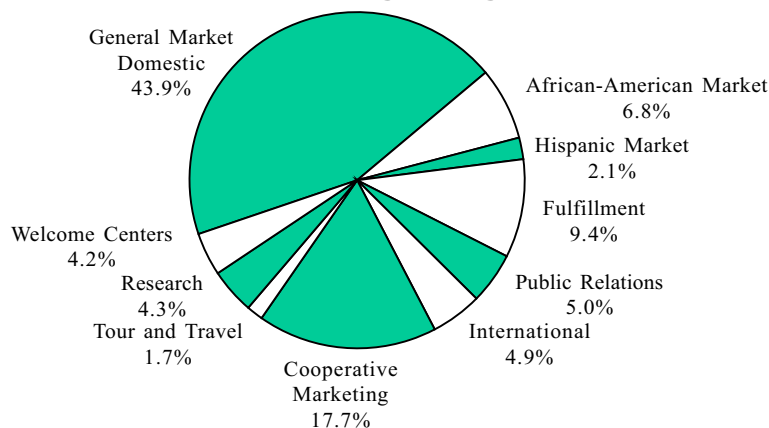


Irondale Gladstone Doniphan Buckner Stoddard Puxico
New Franklin Osage Beach Kingsville Higginsville
Newburg Wyatt Gray Summit Fair Play Dixon Downing

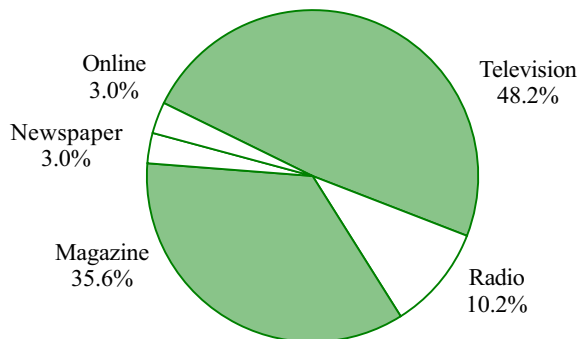
Percentage of Actual Expenditures



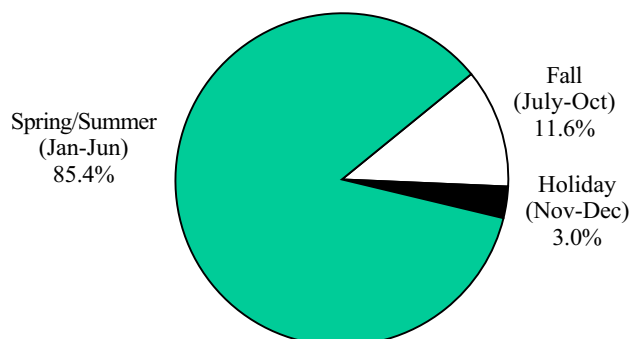
Marketing Budget



FY01 Media Budget Budget Summary by Medium



FY01 Media Budget Budget Summary by Season



Camdenton Strafford West Plains Malden Dexter Perryville
Shelbina Potosi Stover Bakersfield Thayer Mystic
Archie Eldon Argyle Frankenstein Tightwad Eldon

Primary Marketing Programs' Goals

Public Relations Program Goals

- Increase awareness of Missouri among domestic audiences
- Generate a measurable increase in the number of tourists visiting the state accompanied by an increase in state tax revenues from businesses that serve travelers
- Maximize the impact of public relations on consumers

Results: 35.3 percent of public relations study respondents recalled at least one article, the reach of this medium was considered comparable to those 35.9 percent who recalled at least one print ad

Cooperative Marketing Program Goals

- Expand community tourism-marketing efforts
- Promote new and expanded tourism-marketing initiatives
- Support performance-driven marketing strategies to increase tourism

Results: Matched local tourism marketing dollars with \$2.5 million — an increase of 64 percent from FY00

Domestic Marketing Program Goals

- Increase expenditures and tax revenue generated by travelers to Missouri
- Increase the length of stay by all domestic travel parties thereby increasing economic impact
- Launch two ethnic target market campaigns and measure results
- Increase the number of Missourians employed by tourism

Results: See chart below

International Marketing Program Goals

- Increase the length of stay by Canadians in order to increase expenditures
- Increase the number of Canadian and British tourists
- Increase the passenger volume of British group and packaged Foreign Independent Traveler travel

Results: Canadian arrivals up 22 percent; UK Index of select tour operators shows 36 percent increase (see below)

Tour and Travel Marketing

- Increase the number of domestic group trips to Missouri in order to increase tourism expenditures
- Distribute trade show leads to industry in order for them to more strategically target sales efforts

Results: In 2001 increased by 31 percent the number of Group Travel leads sent to the industry

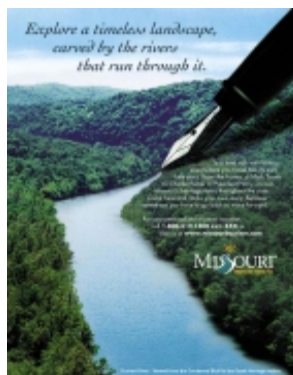
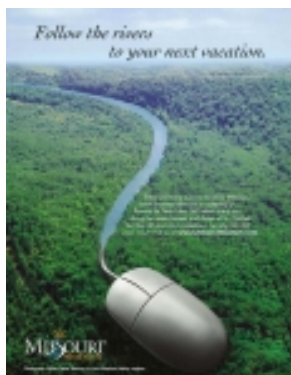
Outcome Measures

Fiscal Years	1996	1997	1998	1999	2000	2001
Total Economic Impact (Billions) *	\$11.73	\$12.29	\$11.93	\$12.42	\$12.90	\$12.54
SIC Tax Revenue (Millions) *	\$270.54	\$280.42	\$292.61	\$306.48	\$315.58	\$315.73
Domestic Person Trips (Millions) *	34.3	33.2	35.0	34.4	35.2	33.8
UK Index	NA	NA	NA	157	1037	1392
Tourism Employment *	236,180	239,521	242,414	245,209	248,975	250,736

*Source: Economic Impact Report – University of Missouri-Columbia

Burfordville Trenton Arrow Rock Palmyra Sandy Hook
El Dorado Springs Kearney Wainwright Greenfield Conway
Fredericktown Viburnum Holland Stockton St. Robert

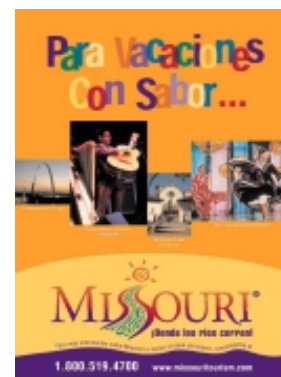
Fiscal Year 2001 General Market Advertising



African-American Market

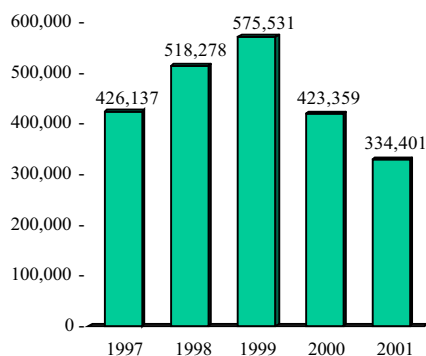


Hispanic/Latino Market

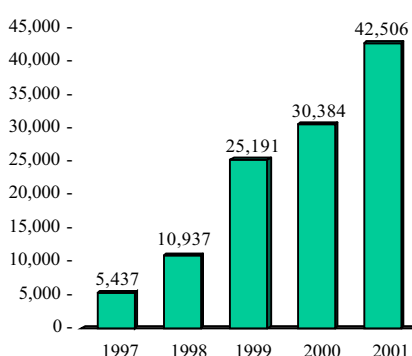


All Vacation Kit Inquiries

800 Calls and Reader Requests



Internet Orders



Internet User Sessions

